

Broadband Access Expansion Senate File 2324

Last Action:

**Senate Commerce
Committee**

February 20, 2014

An Act providing for the expansion of the availability of broadband access across the state, and including income tax credits and property tax exemptions for broadband infrastructure installations and making appropriations.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available on line at <http://www.legis.iowa.gov/LSAReports/noba.aspx>

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NEW PROGRAMS, SERVICES, OR ACTIVITIES

Appropriates \$250,000 from the General Fund for FY 2015 to the Office of the Chief Information Officer for data collection and analysis of the availability, implementation, and affordability of broadband access across State government and the private sector. Page 6, Line 25

Appropriates \$2.0 million from the General Fund for FY 2015 to the Economic Development Authority for Science, Technology, Engineering, and Mathematics (STEM) Internships. Permits 3.0% of the appropriation to be used for administration of the program. Page 17, Line 14

Appropriates \$1.4 million from the General Fund for FY 2015 to the Department of Education for the Digital Literacy and Workforce Training Pilot Program. Page 18, Line 8

SIGNIFICANT CODE CHANGES

Provides definitions for broadband, broadband infrastructure, and communications service provider. Page 1, Line 17

Defines "targeted underserved service area" and "targeted unserved service area" by download and upload speed. Page 2, Line 8

Adds to the duties of the Chief Information Officer to streamline, consolidate, and coordinate broadband access and availability and broadband infrastructure throughout the State. Page 2, Line 31

Adds the Chief Information Officer or his designee to the Iowa Telecommunications and Technology Commission which oversees the Iowa Communications Network (ICN). Page 4, Line 6

Adds a representative of the Office of the Chief Information Officer and a representative of an emergency medical care provider to the Statewide Interoperable Communications System Board. Page 5, Line 21

Allows for wholesale access to the ICN when certain conditions are met by the communications service providers providing broadband access in an unserved area. Page 7, Line 22

Provides for wholesale access rates to be established by the Iowa Telecommunications and Technology Commission in consultation with the Chief Information Officer. Page 8, Line 25

Requires the Iowa Finance Authority (IFA) to establish and administer the Broadband Revolving Loan Program. Page 10, Line 6

EXECUTIVE SUMMARY
BROADBAND ACCESS EXPANSION

SENATE FILE 2324

Sets the maximum loan for the IFA Broadband Revolving Loan Program at \$250,000 per census block or \$2.0 million overall.

Page 10, Line 31

Permits the IFA to bond for the Broadband Revolving Loan Program.

Page 11, Line 16

Creates the Broadband Revolving Loan Program Fund within the IFA.

Page 11, Line 20

Creates a Broadband Infrastructure Tax Credit for income taxes. The credit applies to new broadband infrastructure installation completed after July 1, 2014, in an unserved or underserved area and is equal to 3.0% of the installation cost up to \$250,000 per census block or \$3.0 million per installation. Unused credits carry forward for up to 10 years.

Page 12, Line 2

Provides an exemption from property tax for new installation of broadband infrastructure in targeted unserved or underserved areas completed after July 1, 2014, for the value added by the new broadband infrastructure. The exemption lasts for 10 years.

Page 13, Line 6

Adds "information technology infrastructure" that delivers technology connectivity to a school district to the uses of the Secure an Advanced Vision for Education (SAVE) Fund.

Page 15, Line 12

Creates a STEM Internship Program under the Economic Development Authority (EDA) with internships available to students attending an institution of higher learning in Iowa or graduates of an Iowa high school attending an institution of higher learning out of State. The employer providing the internship receives financial assistance of \$1 for every \$1 paid to in-state student interns and \$1 for every \$2 paid to out-of-state student interns with a maximum of \$5,000 assistance for each internship.

Page 15, Line 34

Senate File 2324 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
1	17	3	Add	8B.1.01,001,0001
1	35	4	Amend	8B.1.1
2	8	5	Add	8B.1.7A,7B
2	24	6	Amend	8B.3.1
2	31	7	Add	8B.4.14A
3	15	8	Add	8B.9.5
3	19	9	New	8B.10
4	6	10	Amend	8D.3.2.a
4	35	11	Amend	8D.3.2.b
5	5	12	Amend	8D.4
5	21	13	Amend	80.28.2
7	3	15	New	8D.21
7	8	16	New	8D.22
10	4	17	New	16.66
11	20	18	New	16.67
12	2	19	New	422.11C
12	34	20	Add	422.33.31
13	6	21	Add	427.1.40
15	12	22	Amend	423F.3.6
15	34	23	Amend	15.411.3

1 1 DIVISION I
1 2 LEGISLATIVE INTENT

1 3 Section 1. SHORT TITLE. This Act shall be known and may be
1 4 cited as the "Statewide Broadband Expansion Act".

1 5 Sec. 2. LEGISLATIVE INTENT. The general assembly finds that
1 6 the availability of broadband access, and the infrastructure
1 7 necessary to facilitate that access, varies to a significant
1 8 extent from one area of the state to another, and that
1 9 increasing access to broadband throughout the state is vital
1 10 so that every citizen, business entity or organization,
1 11 and community in this state can be afforded the opportunity
1 12 to fully integrate with and utilize modern technology for
1 13 educational, economic development and job training, health
1 14 care, and other purposes.

States the legislative intent to facilitate access and the infrastructure necessary for broadband internet access by citizens, businesses, organizations, and communities throughout the State for educational, economic development, job training, health care, and other purposes.

1 15 DIVISION II
1 16 STATEWIDE BROADBAND COORDINATION

1 17 Sec. 3. Section 8B.1, Code 2014, is amended by adding the
1 18 following new subsections:

1 19 NEW SUBSECTION 01. "Broadband" means a high-speed,
1 20 high-capacity electronic transmission medium that can carry
1 21 data signals from multiple independent network sources by
1 22 establishing different bandwidth channels and that is commonly
1 23 used to deliver internet services to the public.

1 24 NEW SUBSECTION 001. "Broadband infrastructure" means
1 25 the physical infrastructure used for the transmission of data
1 26 via broadband, including but not limited to any equipment,
1 27 systems, switches, routers, wire, cable, satellite, conduits,
1 28 servers, software, technology, base transceiver station
1 29 sites, or other means of transmission or communication.

1 30 "Broadband infrastructure" does not include land, buildings,
1 31 structures, improvements, or equipment not directly used in the
1 32 transmission of data.

1 33 NEW SUBSECTION 0001. "Communications service provider"
1 34 means a service provider that provides broadband service.

CODE: Provides definitions:

- Broadband means high-speed, high-capacity public internet access.
- Broadband infrastructure means the physical infrastructure for high-speed, high-capacity public internet access, including equipment, systems, switches, routers, wire, cable, satellite, conduits, servers, software, technology, station sites, and other means of transmission and communication over the internet.
- Communications service provider means a broadband service provider.

1 35 Sec. 4. Section 8B.1, subsection 1, Code 2014, is amended
2 1 to read as follows:

2 2 1. "Information technology" means computing and electronics
2 3 applications used to process and distribute information in
2 4 digital and other forms and includes information technology
2 5 devices, information technology services, infrastructure
2 6 services, broadband and broadband infrastructure, and
2 7 value-added services.

CODE: Adds broadband and broadband infrastructure to the definition of "information technology" under the purview of the Chief Information Officer.

2 8 Sec. 5. Section 8B.1, Code 2014, is amended by adding the
2 9 following new subsections:
2 10 NEW SUBSECTION 7A. "Targeted underserved service area"
2 11 means a United States census bureau census block located in
2 12 this state within which communications service providers do
2 13 not offer or facilitate broadband service at or above thirty
2 14 megabits per second of download speed or three megabits per
2 15 second of upload speed. This definition may be adjusted by the
2 16 office by rule pursuant to section 8B.10.
2 17 NEW SUBSECTION 7B. "Targeted unserved service area" means
2 18 a United States census bureau census block located in this
2 19 state within which communications service providers do not
2 20 offer or facilitate broadband service at or above four megabits
2 21 per second of download speed or one megabit per second of
2 22 upload speed. This definition may be adjusted by the office by
2 23 rule pursuant to section 8B.10.

2 24 Sec. 6. Section 8B.3, subsection 1, Code 2014, is amended
2 25 to read as follows:
2 26 1. The office is created for the purpose of leading,
2 27 directing, managing, coordinating, and providing accountability
2 28 for the information technology resources of state government
2 29 and for coordinating statewide broadband availability and
2 30 access.

2 31 Sec. 7. Section 8B.4, Code 2014, is amended by adding the
2 32 following new subsection:
2 33 NEW SUBSECTION 14A. Streamline, consolidate, and
2 34 coordinate the access to and availability of broadband and
2 35 broadband infrastructure throughout the state, including but
3 1 not limited to the facilitation of public-private partnerships,
3 2 ensuring that all state agencies' broadband and broadband
3 3 infrastructure policies and procedures are aligned, promoting
3 4 accountability regarding broadband and broadband infrastructure
3 5 availability and access, integrating broadband with cyber
3 6 security standards and rules, resolving issues which arise
3 7 with regard to implementation efforts, collecting data and
3 8 developing metrics or standards against which the data may
3 9 be measured and evaluated regarding broadband infrastructure
3 10 installation and deployment, and identifying options regarding
3 11 the creation of standing resources for stakeholders such
3 12 as a fiberoptic database or a fiberoptic network conduit
3 13 installation coordination effort for state-funded construction
3 14 projects.

3 15 Sec. 8. Section 8B.9, Code 2014, is amended by adding the
3 16 following new subsection:
3 17 NEW SUBSECTION 5. An annual report regarding the status of

CODE: Adds definitions:

- "Targeted underserved service area" means a census block without broadband service at or above 30 megabits per second download speed or three megabits per second upload speed. Permits this definition to be adjusted by rule.
- "Targeted unserved service area" means a census block without broadband services at or above four megabits per second download speed or one megabit per second upload speed. Permits this definition to be adjusted by rule.

CODE: Adds coordinating statewide broadband availability and access to the purposes of the Office of the Chief Information Officer.

CODE: Adds to the duties of the Chief Information Officer to streamline, consolidate, and coordinate broadband access and availability and broadband infrastructure throughout the State, including public-private partnerships, aligning State agencies broadband policies, cyber security standards, resolving implementation issues, collecting data and creating metrics and data standards for broadband infrastructure installation, and fiberoptic installation coordination.

CODE: Adds reporting on the status of broadband expansion to the list of reports required of the Chief Information Officer.

3 18 broadband expansion and coordination.

3 19 Sec. 9.NEW SECTION 8B.10 TARGETED UNSERVED AND
3 20 UNDERSERVED SERVICE AREAS — DETERMINATION — CRITERIA —
3 21 SUBDIVISION.

3 22 1. The office may periodically adjust the definitions of
3 23 targeted unserved service area and targeted underserved service
3 24 area contained in section 8B.1 by rule. The determination
3 25 of whether a communications service provider offers or
3 26 facilitates broadband service meeting the download or upload
3 27 speeds specified in such definitions shall be determined or
3 28 ascertained by reference to broadband availability maps or data
3 29 sources that are widely accepted for accuracy and available for
3 30 public review and comment and that are identified by the office
3 31 by rule.

3 32 2. The office shall establish procedures to allow
3 33 challenges to claims that an area meets the definition of a
3 34 targeted unserved service area or targeted underserved service
3 35 area.

4 1 3. Service areas that have more than one communications
4 2 service provider shall be subdivided based on incumbent local
4 3 telephone exchange areas that have been established by the
4 4 utilities board of the utilities division of the department of
4 5 commerce pursuant to section 476.29.

4 6 Sec. 10. Section 8D.3, subsection 2, paragraph a, Code 2014,
4 7 is amended to read as follows:

4 8 a. The commission is composed of the chief information
4 9 officer appointed pursuant to section 8B.2 or the chief
4 10 information officer's designee and five other members who shall
4 11 be appointed by the governor and subject to confirmation by the
4 12 senate. ~~Members~~ Appointed members of the commission shall not
4 13 serve in any manner or be employed by an authorized user of the
4 14 network or by an entity seeking to do or doing business with
4 15 the network.

4 16 (1) The governor shall appoint a member as the chairperson
4 17 of the commission from the five members appointed by the
4 18 governor, subject to confirmation by the senate.

4 19 (2)~~Members~~ Appointed members of the commission shall serve
4 20 six-year staggered terms as designated by the governor and
4 21 appointments to the commission are subject to the requirements
4 22 of sections 69.16, 69.16A, and 69.19. Vacancies shall be
4 23 filled by the governor for the duration of the unexpired term.

4 24 (3) The salary of the appointed members of the commission
4 25 shall be twelve thousand dollars per year, except that the
4 26 salary of the chairperson shall be seventeen thousand dollars
4 27 per year. ~~Members~~ Appointed members of the commission shall
4 28 also be reimbursed for all actual and necessary expenses

CODE: For "targeted unserved and underserved service areas:"

- Permits the Chief Information Officer to adjust definitions by rule.
- Requires the Office to allow challenges that an area meets these definitions.
- Requires areas with multiple communications service providers to be subdivided along provider boundaries established by the Iowa Utilities Board.

CODE: Adds the Chief Information Officer or his designee to the Iowa Telecommunications and Technology Commission (ITTC) which oversees the Iowa Communications Network (ICN).

4 29 incurred in the performance of duties as members. The benefits
4 30 and salary paid to the appointed members of the commission
4 31 shall be adjusted annually equal to the average of the annual
4 32 pay adjustments, expense reimbursements, and related benefits
4 33 provided under collective bargaining agreements negotiated
4 34 pursuant to chapter 20.

4 35 Sec. 11. Section 8D.3, subsection 2, paragraph b, Code 2014,
5 1 is amended to read as follows:

CODE: Technical change.

5 2 ~~b.—In addition to the members appointed by the governor, the~~
5 3 The auditor of state or the auditor's designee shall serve as a
5 4 nonvoting, ex officio member of the commission.

5 5 Sec. 12. Section 8D.4, Code 2014, is amended to read as
5 6 follows:

CODE: Technical change.

5 7 8D.4 EXECUTIVE DIRECTOR APPOINTED.

5 8 The commission, in consultation with the director of
5 9 the department of administrative services ~~and the chief~~
5 10 ~~information officer~~, shall appoint an executive director of
5 11 the commission, subject to confirmation by the senate. Such
5 12 individual shall not serve as a member of the commission.
5 13 The executive director shall serve at the pleasure of the
5 14 commission. The executive director shall be selected primarily
5 15 for administrative ability and knowledge in the field, without
5 16 regard to political affiliation. The governor shall establish
5 17 the salary of the executive director within range nine as
5 18 established by the general assembly. The salary and support of
5 19 the executive director shall be paid from funds deposited in
5 20 the Iowa communications network fund.

5 21 Sec. 13. Section 80.28, subsection 2, Code 2014, is amended
5 22 to read as follows:

CODE: Adds a representative of the Office of the Chief Information Officer and a representative of an emergency medical care provider to the Statewide Interoperable Communications System Board that operates under the joint purview of the Department of Public Safety and the Department of Transportation.

5 23 2. The board shall consist of ~~fifteen~~ seventeen voting
5 24 members, as follows:

5 25 a. The following members representing state agencies:

5 26 (1) One member representing the department of public
5 27 safety.

5 28 (2) One member representing the state department of
5 29 transportation.

5 30 (3) One member representing the department of homeland
5 31 security and emergency management.

5 32 (4) One member representing the department of corrections.

5 33 (5) One member representing the department of natural
5 34 resources.

5 35 (6) One member representing the Iowa department of public
6 1 health.

6 2 (7) One member representing the office of the chief
6 3 information officer.

6 4 b. The governor shall solicit and consider recommendations
 6 5 from professional or volunteer organizations in appointing the
 6 6 following members:
 6 7 (1) Two members who are representatives from municipal
 6 8 police departments.
 6 9 (2) Two members who are representatives of sheriff's
 6 10 offices.
 6 11 (3) Two members who are representatives from fire
 6 12 departments. One of the members shall be a volunteer fire
 6 13 fighter and the other member shall be a paid fire fighter.
 6 14 (4) Two members who are law communication center managers
 6 15 employed by state or local government agencies.
 6 16 (05) One member who is an emergency medical care provider
 6 17 as defined in section 147A.1.
 6 18 (5) One at-large member.

6 19 Sec. 14. BROADBAND COORDINATION AND ANALYSIS —
 6 20 APPROPRIATION. There is appropriated from the general fund of
 6 21 the state to the office of chief information officer for the
 6 22 fiscal year beginning July 1, 2014, and ending June 30, 2015,
 6 23 the following amount, or so much thereof as is necessary, for
 6 24 the purposes designated:

6 25 For data collection and analysis regarding the availability,
 6 26 implementation, and affordability of broadband access across
 6 27 state government and the private sector as provided in section
 6 28 8B.4, subsection 14A, as enacted in this Act:
 6 29 \$ 250,000

General Fund appropriation for FY 2015 to the Office of the Chief Information Officer for data collection and analysis of the availability, implementation, and affordability of broadband access across State government and the private sector.

DETAIL: This is a new appropriation.

6 30 Notwithstanding section 8.33, moneys appropriated in this
 6 31 section which remain unencumbered or unobligated at the end of
 6 32 the fiscal year shall not revert but shall remain available for
 6 33 expenditure for the purposes designated in subsequent fiscal
 6 34 years.

CODE: Requires nonreversion of funds.

6 35 DIVISION III
 7 1 IOWA COMMUNICATIONS NETWORK
 7 2 COMMUNICATIONS SERVICE PROVIDER ACCESS

7 3 Sec. 15. NEW SECTION 8D.21 DEFINITIONS.
 7 4 For the purposes of this subchapter, "broadband", "broadband
 7 5 infrastructure", "communications service provider", "targeted
 7 6 unserved service area", and "targeted underserved service area"
 7 7 mean the same as defined in section 8B.1.

CODE: References various broadband definitions in Iowa Code chapter 8B for the ICN.

7 8 Sec. 16. NEW SECTION 8D.22 COMMUNICATIONS SERVICE PROVIDER
 7 9 ACCESS.

7 10 1. WHOLESALE ACCESS TO NETWORK — AUTHORITY OF
7 11 COMMISSION. Notwithstanding any contrary provisions of this
7 12 chapter related to access to the network, the commission may
7 13 enter into a contract to provide access to network facilities
7 14 owned by the state on a wholesale basis to a communications
7 15 service provider who is not otherwise an authorized user as
7 16 provided in this section. Such access shall not be available
7 17 to network facilities leased by the state without the consent
7 18 of the lessor. The commission may establish by rule the manner
7 19 in which a contract entered into pursuant to this section shall
7 20 be undertaken. Contracts shall be coordinated with the office
7 21 of the chief information officer.

CODE: Allows the ITTC to contract with a communications service provider that is not otherwise authorized access for wholesale access to the ICN when certain conditions are met.

7 22 2. ACCESS REQUIREMENTS — LIMITATIONS.
7 23 a. Access to network facilities pursuant to any contract
7 24 entered into by the commission pursuant to this section shall
7 25 be subject to retention of sufficient capacity for existing
7 26 and future authorized user demands. Access shall be provided
7 27 solely for wholesale transactions to communications service
7 28 providers to facilitate the installation and deployment of
7 29 broadband infrastructure in targeted unserved service areas of
7 30 the state.

CODE: Establishes ICN wholesale access requirements for communications service providers including:

- Sufficient current and future capacity to meet authorized ICN users' demand.
- Prior to entering the contract, the communications service provider (1) must allow any wholesale communications provider with fiberoptic cable facilities in close proximity to the targeted unserved service area to make facilities available at the same or lower rate as would be provided by the ICN or (2) allow any other communications service provider to make broadband service available to all customers within the unserved service area.
- Certifying that broadband access will be provided to all customers in the unserved area if wholesale access to the ICN is permitted.
- Meeting additional requirements specified by the ITTC.

7 31 b. Prior to entering into a contract pursuant to this
7 32 section, and for an interval of thirty business days, a
7 33 communications service provider seeking wholesale access to
7 34 network facilities shall comply with the following:

7 35 (1) Allow any private wholesale communications service
8 1 provider that has fiberoptic cable facilities that are close
8 2 in proximity to a targeted unserved service area to which
8 3 the contract would apply to make those facilities available
8 4 at the same or a lower rate than that offered by the network
8 5 determined pursuant to subsection 3.

8 6 (2) Allow any communications service provider who, as
8 7 of July 1, 2014, offered broadband service at retail within
8 8 or close in proximity to the targeted unserved service area
8 9 to submit documentation to the commission verifying that
8 10 the communications service provider has committed to make
8 11 broadband infrastructure available to all customers in
8 12 the targeted unserved service area on or before January 1,
8 13 2016. In the event the commission accepts the documentation
8 14 submitted, the commission shall not enter into a contract with
8 15 a communications service provider seeking wholesale access to
8 16 network facilities pursuant to this section.

8 17 c. A communications service provider seeking wholesale
8 18 access to network facilities pursuant to this subchapter
8 19 shall certify to the commission that the provider will offer
8 20 broadband service to all customers in the targeted unserved
8 21 service area.

8 22 d. Additional requirements and limitations regarding
 8 23 communications service provider access pursuant to this
 8 24 subchapter shall be determined by the commission by rule.

8 25 3. RATE DETERMINATION — RATE ADJUSTMENTS — HEARINGS.

8 26 a. Rates applicable to wholesale access by communications
 8 27 service providers pursuant to this section shall be determined
 8 28 by the commission by rule, in consultation with the chief
 8 29 information officer. The rates shall take into account and
 8 30 reflect the following considerations:

8 31 (1) Establishment of a wholesale rate structure with
 8 32 multiple pricing points determined based on the grouping of
 8 33 similar installation characteristics to be identified by the
 8 34 commission by rule, including but not limited to size and
 8 35 demographic characteristics of the targeted unserved service
 9 1 area, availability of other communications service providers,
 9 2 the type of communications service installation proposed, and
 9 3 the communications service modality being utilized.

9 4 (2) Incorporation of any and all fully allocated costs
 9 5 attributable to facilitating wholesale access.

9 6 b. Rates established pursuant to this section shall be
 9 7 posted on the network's internet site.

9 8 c. Proposed rate adjustments shall be posted on the
 9 9 network's internet site, and shall be subject to the following
 9 10 public hearing, decision-making, and appeals process:

9 11 (1) Three public hearings on the proposed rate adjustment
 9 12 shall be held within each targeted unserved service area
 9 13 impacted by the proposed adjustment. The hearings shall
 9 14 be conducted thirty days following the rate adjustment
 9 15 announcement, sixty days following the announcement, and ninety
 9 16 days following the announcement.

9 17 (2) Following the third public hearing, the commission
 9 18 shall convene to discuss the status of the proposed rate
 9 19 adjustment, and shall render and post a decision regarding the
 9 20 proposed adjustment within fifteen days following the date of
 9 21 the commission's meeting.

9 22 (3) Any party wishing to appeal the commission's decision
 9 23 may file such an appeal with the executive council within
 9 24 thirty days following the posting of the commission's decision.

9 25 (4) Rate changes shall become effective within thirty days
 9 26 following approval by the commission in the event an appeal is
 9 27 not filed, and immediately after the executive council renders
 9 28 a decision in favor of the adjustment in the event an appeal is
 9 29 filed.

9 30 4. In addition to providing wholesale access to
 9 31 communications service providers for the purpose of
 9 32 facilitating the installation and deployment of broadband

CODE: Provides for wholesale access rates to be established by the ITTC in consultation with the Chief Information Officer. Rate requirements include:

- Establishing a wholesale rate structure with multiple pricing points based on installations with similar demographic characteristics of the targeted unserved service area and full allocation of the costs attributable to providing the wholesale access.
- Rates are to be posted on the ICN website.
- Three public hearings on rate adjustments are to be held.
- The Commission will render a decision on the rates within 15 days of the last public hearing.
- Any party may appeal the Commission's decision to the Executive Council within 30 days of the decision.
- Rates become effective within 30 days of the Commission's decision without an appeal or immediately after the Executive Council's ruling in favor of the Commission's decision.

CODE: Permits the ITTC to provide wholesale access to the ICN to communications service providers and other businesses and entities to facilitate disaster recovery backup.

9 33 infrastructure, the commission shall evaluate whether wholesale
 9 34 access should also be provided to communications service
 9 35 providers and other businesses and entities to facilitate
 10 1 disaster recovery back-up.

10 2 DIVISION IV
 10 3 FINANCIAL INCENTIVES
 10 4 Sec. 17. NEW SECTION 16.66 BROADBAND REVOLVING LOAN
 10 5 PROGRAM.

10 6 1. The authority shall establish and administer a broadband
 10 7 revolving loan program to provide low-interest loans to
 10 8 broadband and telecommunications businesses to expand broadband
 10 9 access in targeted unserved service areas and targeted
 10 10 underserved service areas of the state. For the purposes of
 10 11 this section, "broadband", "targeted unserved service area", and
 10 12 "targeted underserved service area" mean the same as defined in
 10 13 section 8B.1.

CODE: Requires the Iowa Finance Authority (IFA) to establish and administer a broadband revolving loan program to make low-interest loans to businesses expanding broadband access in unserved and underserved areas.

10 14 2. In awarding loans to businesses to invest in expanding
 10 15 broadband access, the authority may consider the following:
 10 16 a. The business's relationship to the community and its
 10 17 commitment to offer service to all customers in a targeted
 10 18 unserved service area or targeted underserved service area.
 10 19 b. The location of the community in which the business
 10 20 operates and the need for broadband access in the community.
 10 21 c. The overall geographic diversity of the applicants for
 10 22 loans, including urban and rural diversity.
 10 23 d. Any other information the authority deems relevant.

CODE: Identifies factors that may be considered in awarding loans.

10 24 3. The authority may accept, reject, or defer a business's
 10 25 application for a loan under this section.
 10 26 4. In awarding loans, the authority shall give preference
 10 27 to businesses that seek to expand broadband access to targeted
 10 28 unserved service areas prior to awarding loans to businesses
 10 29 that seek to expand broadband access to targeted underserved
 10 30 services areas.

CODE: Requires preference be given to businesses providing broadband access to targeted unserved areas over underserved areas.

10 31 5. A loan awarded under the program to any single business
 10 32 shall not exceed two hundred fifty thousand dollars per United
 10 33 States census bureau census block, or two million dollars
 10 34 overall.

CODE: Sets the maximum loan at \$250,000 per census block or \$2,000,000 overall and permits the IFA to set the loan period and interest rate by agreement.

10 35 6. The authority shall enter into an agreement with a
 11 1 business selected to receive a loan pursuant to this section
 11 2 for purposes of ensuring the program is administered pursuant
 11 3 to the requirements of this section. The agreement shall set
 11 4 the loan period and interest rate of the loan.

11 5 7. a. The authority may seek immediate repayment or
11 6 recapture of the loan awarded pursuant to this section as
11 7 provided in paragraph "b".
11 8 b. If, after receiving a loan from the authority pursuant to
11 9 this section, the business fails to use the awarded moneys for
11 10 the purposes described in subsection 1, all or a portion of the
11 11 loan received is subject to immediate repayment or recapture.
11 12 c. All repayments, recaptures, and interest on loans
11 13 awarded under the program shall be remitted to the authority
11 14 to be deposited in the broadband revolving loan program fund
11 15 established in section 16.67.

CODE: Permits the IFA to recapture awarded moneys if the business fails to use the funds as prescribed. Repayments, recaptures, and interest are to be deposited in the Broadband Revolving Loan Program Fund.

11 16 8. The authority shall have the power to bond as necessary
11 17 to carry out the purposes of the broadband revolving loan
11 18 program. The bonds shall be issued in the same manner as, and
11 19 under the same conditions and restrictions of, section 16.26.

CODE: Permits the IFA to bond for the Broadband Revolving Loan Program.

11 20 Sec. 18.NEW SECTION 16.67 BROADBAND REVOLVING LOAN
11 21 PROGRAM FUND.

CODE: Creates the Broadband Revolving Loan Program Fund within the IFA funded by appropriations, repayments, recaptures, and interest to be used for the Program. Requires nonreversion of funds.

11 22 1. A broadband revolving loan program fund is created within
11 23 the authority consisting of moneys appropriated by the general
11 24 assembly and any other moneys available to and obtained or
11 25 accepted by the authority for placement in the fund.

11 26 2. Payments of interest, repayments of moneys loaned
11 27 pursuant to section 16.66, and recaptures of loans under
11 28 section 16.66, shall be deposited in the fund.

11 29 3. The fund shall be used to provide low-interest loans
11 30 under the broadband revolving loan program established in
11 31 section 16.66.

11 32 4. Moneys in the fund are not subject to section 8.33.
11 33 Notwithstanding section 12C.7, subsection 2, interest or
11 34 earnings on moneys in the fund shall be credited to the fund.

11 35 DIVISION V
12 1 INCOME TAX INCENTIVES

12 2 Sec. 19.NEW SECTION 422.11C BROADBAND INFRASTRUCTURE TAX
12 3 CREDIT.

CODE: Creates a Broadband Infrastructure Tax Credit for income taxes. The communication service provider that installs new broadband infrastructure completed after July 1, 2014, in an unserved or underserved area may claim a tax credit equal to 3.00% of the installation cost up to \$250,000 per census block or \$3,000,000 per installation. Unused credits carry forward for up to 10 years. The Department of Revenue may adopt administrative rules for the income tax credit.

12 4 1. For purposes of this section, "broadband infrastructure",
12 5 "communications service provider", "targeted unserved service
12 6 area", and "targeted underserved service area" mean the same as
12 7 defined in section 8B.1.

12 8 2. The taxes imposed under this division, less the credits
12 9 allowed under section 422.12, shall be reduced by a broadband
12 10 infrastructure tax credit equal to three percent of the
12 11 amount expended by a communications service provider for a new
12 12 installation of broadband infrastructure completed on or after
12 13 July 1, 2014, with such reduction not to exceed a maximum of

12 14 two hundred fifty thousand dollars per United States census
 12 15 bureau census block or three million dollars per installation.
 12 16 A taxpayer claiming a credit under this section shall certify
 12 17 prior to commencement of the installation that the broadband
 12 18 infrastructure installation will take place within a targeted
 12 19 unserved service area or a targeted underserved service area.
 12 20 Any credit in excess of the tax liability for the tax year
 12 21 shall not be refunded, but may be credited to the tax liability
 12 22 for the following ten tax years or until depleted, whichever
 12 23 is earlier.

12 24 3. An individual may claim the tax credit allowed a
 12 25 partnership, limited liability company, S corporation, estate,
 12 26 or trust electing to have the income taxed directly to the
 12 27 individual. The amount claimed by the individual shall be
 12 28 based upon the pro rata share of the individual's earnings of a
 12 29 partnership, limited liability company, S corporation, estate,
 12 30 or trust.

12 31 4. The director of revenue may adopt rules pursuant to
 12 32 chapter 17A for the interpretation and proper administration of
 12 33 the credit provided in this section.

12 34 Sec. 20. Section 422.33, Code 2014, is amended by adding the
 12 35 following new subsection:
 13 1 NEW SUBSECTION 31. The taxes imposed under this division
 13 2 shall be reduced by a broadband infrastructure tax credit
 13 3 allowed under section 422.11C.

CODE: Technical change.

13 4 DIVISION VI
 13 5 PROPERTY TAX INCENTIVES

13 6 Sec. 21. Section 427.1, Code 2014, is amended by adding the
 13 7 following new subsection:

13 8 NEW SUBSECTION 40. BROADBAND INFRASTRUCTURE.

13 9 a. Broadband infrastructure shall be entitled to an
 13 10 exemption from taxation to the extent provided in this section
 13 11 based upon the actual value added by broadband infrastructure
 13 12 that is newly installed and completed. For the purposes of
 13 13 this subsection, "broadband infrastructure", "targeted unserved
 13 14 service area", and "targeted underserved service area" mean the
 13 15 same as defined in section 8B.1.

13 16 b. The exemption shall apply to the new installation
 13 17 of broadband infrastructure completed on or after July 1,
 13 18 2014, in a targeted unserved service area or a targeted
 13 19 underserved service area. A person claiming an exemption
 13 20 under this subsection shall certify prior to commencement of
 13 21 the installation that the broadband installation will take
 13 22 place within a targeted unserved service area or a targeted
 13 23 underserved service area.

CODE: Provides an exemption from property tax for new installation of broadband infrastructure in targeted unserved or underserved areas completed after July 1, 2014. If assessed with other property, only the value added for the broadband infrastructure will receive the exemption. The exemption lasts for 10 years. Prior approval of a construction project may be requested from the governing body. The Department of Revenue may adopt rules for interpretation and administration of the exemption.

13 24 c. If the broadband infrastructure is assessed with other
13 25 property as a unit by the department of revenue pursuant
13 26 to sections 428.24 through 428.29 or chapter 433, this
13 27 exemption shall be limited to the value added by the broadband
13 28 infrastructure as determined as of the assessment date and
13 29 the exemption shall be applied prior to any other exemption
13 30 applicable to the unit value.

13 31 d. The tax exemption shall be a one hundred percent
13 32 exemption from taxation on the actual value added by the
13 33 improvements for a period of ten years.

13 34 e. (1) A person may submit a proposal to the governing body
13 35 of the city or county within which a broadband infrastructure
14 1 installation project is proposed to receive prior approval for
14 2 eligibility for a tax exemption for the project pursuant to
14 3 this section. The governing body shall, by resolution, give
14 4 its prior approval if the project is in conformance with the
14 5 requirements of this subsection. Such prior approval shall
14 6 not entitle the owner to exemption from taxation until the
14 7 improvements have been completed and found to be qualified
14 8 real estate. However, if the proposal is not approved, the
14 9 person may submit an amended proposal for the governing body to
14 10 approve or reject.

14 11 (2) The application for an exemption shall be filed by the
14 12 owner of the property with the governing body of the city or
14 13 county in which the property is located by February 1 of the
14 14 assessment year for which the exemption is first claimed, but
14 15 not later than the year in which the value added pursuant to
14 16 the project is first assessed for taxation, or the following
14 17 two assessment years, in which case the exemption is allowed
14 18 for the total number of years in the exemption schedule.
14 19 However, upon the request of the owner at any time, the
14 20 governing body of the city or county may provide by resolution
14 21 that the owner may file an application by February 1 of any
14 22 other assessment year selected by the governing body in which
14 23 case the exemption is allowed for the number of years remaining
14 24 in the exemption schedule selected. The application shall
14 25 contain but not be limited to the following information:

14 26 (a) The nature of the improvement.
14 27 (b) The estimated cost of the improvement.
14 28 (c) The estimated or actual date of project completion.
14 29 (d) Certification that the installation was completed in
14 30 a targeted unserved service area or a targeted underserved
14 31 service area.

14 32 (3) The governing body of the city or county shall forward
14 33 for review all approved applications to the appropriate local
14 34 assessor by March 1 annually. The assessor shall proceed to
14 35 determine the actual value of the newly installed broadband
15 1 infrastructure and shall certify the valuation determined to

15 2 the county auditor at the time of transmitting the assessment
15 3 rolls. After the tax exemption is granted, the local assessor
15 4 shall continue to grant the tax exemption for the remainder of
15 5 the time period in the exemption schedule, and applications for
15 6 exemption for succeeding years shall not be required.
15 7 f. The director of revenue may adopt rules pursuant to
15 8 chapter 17A for the interpretation and proper administration of
15 9 the exemption provided in this subsection.

15 10 DIVISION VII
15 11 SCHOOL INFORMATION TECHNOLOGY INFRASTRUCTURE

15 12 Sec. 22. Section 423F.3, subsection 6, Code 2014, is amended
15 13 to read as follows:

15 14 6. a. For purposes of this chapter, "school infrastructure"
15 15 means those activities authorized in section 423E.1, subsection
15 16 3, Code 2007.

15 17 b. Additionally, "school infrastructure" includes the
15 18 payment or retirement of outstanding bonds previously
15 19 issued for school infrastructure purposes as defined in this
15 20 subsection, and the payment or retirement of bonds issued under
15 21 sections 423E.5 and 423F.4.

15 22 c. Additionally, "school infrastructure" includes the
15 23 acquisition or installation of information technology
15 24 infrastructure. "Information technology infrastructure" means
15 25 the basic, underlying physical framework or system necessary
15 26 to deliver technology connectivity to a school district and to
15 27 network school buildings within a school district.

15 28 ~~—e. d.~~ A school district that uses secure an advanced vision
15 29 for education fund moneys for school infrastructure shall
15 30 comply with the state building code in the absence of a local
15 31 building code.

15 32 DIVISION VIII
15 33 STEM INTERNSHIPS AND DIGITAL SKILLS WORKFORCE TRAINING

15 34 Sec. 23. Section 15.411, subsection 3, Code 2014, is amended
15 35 to read as follows:

16 1 3. a. The authority shall establish and administer an
16 2 ~~innovative businesses~~ internship program with two components
16 3 for Iowa students. For purposes of this subsection, "Iowa
16 4 student" means a student of an Iowa community college, private
16 5 college, or institution of higher learning under the control
16 6 of the state board of regents, or a student who graduated from
16 7 high school in Iowa but now attends an institution of higher
16 8 learning outside the state of Iowa.

16 9 b. The purpose of the first component of the program is
16 10 to link Iowa students to small and medium sized Iowa firms

CODE: Adds "information technology infrastructure" that delivers technology connectivity to a school district to the uses of the Secure an Advanced Vision for Education (SAVE) Fund.

CODE: Adds a STEM (Science, Technology, Engineering, and Mathematics) Internship Program to the Economic Development Authority's (EDA) Innovative Business Development, Internships, and Technical and Financial Assistance responsibilities. The STEM internships are available to students attending an institution of higher learning in Iowa or graduates of an Iowa high school attending an institution of higher learning out of State. The EDA is to collaborate with employers providing internships that lead to permanent employment. The employer providing the internship receives financial assistance of \$1 for every \$1 paid to in-state student interns and \$1 for every \$2 paid to out-of-state student interns with a maximum of \$5,000 assistance for each internship. The STEM Internship Program

is contingent upon funding by the General Assembly.

16 11 through internship opportunities. An Iowa employer may receive
 16 12 financial assistance in an amount of one dollar for every
 16 13 two dollars paid by the employer to an intern. The amount
 16 14 of financial assistance shall not exceed three thousand one
 16 15 hundred dollars for any single internship, or nine thousand
 16 16 three hundred dollars for any single employer. In order to be
 16 17 eligible to receive financial assistance under this ~~subsection~~
 16 18 paragraph, the employer must have five hundred or fewer
 16 19 employees and must be an innovative business. The authority
 16 20 shall encourage youth who reside in economically distressed
 16 21 areas, youth adjudicated to have committed a delinquent act,
 16 22 and youth transitioning out of foster care to participate in
 16 23 the first component of the internship program.
 16 24 c. (1) The purpose of the second component of the program
 16 25 is to assist in placing Iowa students studying in the fields
 16 26 of science, technology, engineering, and mathematics into
 16 27 internships that lead to permanent positions with Iowa
 16 28 employers. The authority shall collaborate with eligible
 16 29 employers, including but not limited to innovative businesses,
 16 30 to ensure that the interns hired are studying in such fields.
 16 31 An Iowa employer may receive financial assistance in an amount
 16 32 of one dollar for every dollar paid by the employer to an
 16 33 intern attending an Iowa community college, private college, or
 16 34 institution of higher learning under the control of the state
 16 35 board of regents, and one dollar for every two dollars paid by
 17 1 the employer to an intern attending an institution of higher
 17 2 learning outside the state. The amount of financial assistance
 17 3 shall not exceed five thousand dollars per internship. The
 17 4 authority may adopt rules to administer this component.
 17 5 (2) The requirement to administer this component of the
 17 6 internship program is contingent upon the provision of funding
 17 7 for such purposes by the general assembly.

17 8 Sec. 24. SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS
 17 9 INTERNSHIPS — APPROPRIATION. There is appropriated from the
 17 10 general fund of the state to the Iowa economic development
 17 11 authority for the fiscal year beginning July 1, 2014, and
 17 12 ending June 30, 2015, the following amount, or so much thereof
 17 13 as is necessary, for the purposes designated:

17 14 For the funding of internships for students studying in the
 17 15 fields of science, technology, engineering, and mathematics
 17 16 with eligible Iowa employers as provided in section 15.411, as
 17 17 amended in this Act:
 17 18 \$ 2,000,000

General Fund appropriation for FY 2015 to the Economic Development
 Authority (EDA) for Science, Technology, Engineering, and
 Mathematics (STEM) Internships.

DETAIL: This is a new appropriation.

17 19 No more than 3 percent of the funds appropriated pursuant to

Permits up to 3.00% of the appropriation to be used for administration

17 20 this section may be used by the authority for costs associated
 17 21 with administration of the program as amended in this Act.
 17 22 Notwithstanding section 8.33, moneys appropriated in this
 17 23 section which remain unencumbered or unobligated at the end of
 17 24 the fiscal year shall not revert but shall remain available for
 17 25 expenditure for the purposes designated in subsequent fiscal
 17 26 years.

by the EDA.

CODE: Requires nonreversion of funds.

17 27 Sec. 25. DIGITAL LITERACY AND WORKFORCE TRAINING PILOT
 17 28 PROGRAM — APPROPRIATION.

Creates a Digital Literacy and Workforce Training Pilot Program within the Department of Education to provide digital skills training for employment opportunities. The Department is to coordinate with the Chief Information Officer.

17 29 1. The department of education shall develop and issue
 17 30 a request for proposals regarding selection of a digital
 17 31 skills training provider to develop a digital literacy and
 17 32 workforce training pilot program. The program shall provide
 17 33 digital skills training, including training for teleworking and
 17 34 coworking employment opportunities. The distribution and use
 17 35 of any funds appropriated to administer the pilot program shall
 18 1 be determined by the department in coordination with the chief
 18 2 information officer appointed pursuant to section 8B.2.

General Fund appropriation for FY 2015 to the Department of Education for the Digital Literacy and Workforce Training Pilot Program.

DETAIL: This is a new appropriation.

18 3 2. There is appropriated from the general fund of the
 18 4 state to the department of education for the fiscal year
 18 5 beginning July 1, 2014, and ending June 30, 2015, the following
 18 6 amount, or so much thereof as is necessary, for the purposes
 18 7 designated:

18 8 For implementation of the digital literacy and workforce
 18 9 training pilot program to be developed pursuant to subsection
 18 10 1:
 18 11 \$ 1,400,000

CODE: Requires nonreversion of funds.

18 12 Notwithstanding section 8.33, moneys appropriated in this
 18 13 section which remain unencumbered or unobligated at the end of
 18 14 the fiscal year shall not revert but shall remain available for
 18 15 expenditure for the purposes designated in subsequent fiscal
 18 16 years.

Summary Data

General Fund

	Estimated FY 2014	Gov Rec FY 2015	Senate Subcom FY 2015
	(1)	(2)	(3)
Administration and Regulation	\$ 0	\$ 250,000	\$ 250,000
Economic Development	0	0	2,000,000
Education	0	0	1,400,000
Grand Total	\$ 0	\$ 250,000	\$ 3,650,000

Administration and Regulation

General Fund

	Estimated FY 2014 (1)	Gov Rec FY 2015 (2)	Senate Subcom FY 2015 (3)
<u>Chief Information Officer, Office of the</u>			
Chief Information Officer, Office of the Broadband Data Collection	\$ 0	\$ 250,000	\$ 250,000
Total Chief Information Officer, Office of the	\$ 0	\$ 250,000	\$ 250,000
Total Administration and Regulation	\$ 0	\$ 250,000	\$ 250,000

Economic Development

General Fund

	Estimated FY 2014 (1)	Gov Rec FY 2015 (2)	Senate Subcom FY 2015 (3)
<u>Economic Development Authority</u>			
Economic Development Authority			
STEM Internships	\$ 0	\$ 0	\$ 2,000,000
Total Economic Development Authority	\$ 0	\$ 0	\$ 2,000,000
Total Economic Development	\$ 0	\$ 0	\$ 2,000,000

Education

General Fund

	Estimated FY 2014 (1)	Gov Rec FY 2015 (2)	Senate Subcom FY 2015 (3)
<u>Education, Dept. of</u>			
Education, Dept. of			
Digital Literacy Pilot Program	\$ 0	\$ 0	\$ 1,400,000
Total Education, Dept. of	\$ 0	\$ 0	\$ 1,400,000
Total Education	\$ 0	\$ 0	\$ 1,400,000